

UNITED STATES BANKRUPTCY COURT
NORTHERN DISTRICT OF ILLINOIS
EASTERN DIVISION

In re:)	
)	Case No. 15bk41000
AGRI-FINE, INC.)	
)	Chapter 11
)	
Debtor.)	Honorable Timothy A. Barnes

FINDINGS OF FACT AND CONCLUSIONS OF LAW IN SUPPORT OF ORDER
AWARDING TO SUGAR FELSENTHAL GRAIS & HAMMER LLP, ATTORNEYS FOR
DEBTOR, FOR ALLOWANCE AND PAYMENT OF FIRST INTERIM
COMPENSATION AND REIMBURSEMENT OF EXPENSES

TOTAL FEES REQUESTED:	\$ 257,579.00	TOTAL COSTS REQUESTED:	\$ 7,023.98
TOTAL FEES REDUCED:	\$ 23,096.50	TOTAL COSTS REDUCED:	\$ 240.78
TOTAL FEES ALLOWED:	\$ 234,482.50	TOTAL COSTS ALLOWED:	\$ 6,783.20

TOTAL FEES AND COSTS ALLOWED: \$ 241,265.70

The attached time and expense entries have been underlined to reflect disallowance in whole or in part. The basis for each disallowance is reflected by numerical notations that appear on the left of each underlined entry. The numerical notations correspond to the enumerated paragraphs below.

(1) No Benefit to the Estate – TOTAL of disallowed amounts: \$ 1,120.00

The court denies requests for fees relating to services that do not benefit the estate or that are not necessary to the administration of the case. 11 U.S.C. § 330(a)(4)(A). An attorney's internal work prior to retention to determine whether the attorney's firm satisfies the disinterestedness requirement of section 327 of the Bankruptcy Code does not provide benefit to the estate and is not compensable.

(2) Duplication of Services – TOTAL of disallowed amounts: \$ 10,945.00

The Court denies the allowance of compensation for services that duplicate those of another professional or paraprofessional. See 11 U.S.C. § 330(a)(4)(A)(i). Reduction in fees is warranted if multiple attorneys from the same firm appear in court on a motion or argument or for a conference, unless counsel adequately demonstrates that each attorney present contributed in some meaningful way. *In re Pettibone*, 74 B.R. 293, 307 (Bankr. N.D. Ill. 1987) (Schmetterer, J.) ("A debtor's estate should not bear the burden of duplication of services. If found in the record, such duplication shall be disallowed by the court as unnecessary."). It is also an accepted principle that generally no more than one attorney may bill for time spent in an intra-office conference or meeting absent an adequate explanation. See *In re Adventist Living Ctrs., Inc.*, 137 B.R. 701, 716 (Bankr. N.D. Ill. 1991) (Sonderby, J.); *In re Pettibone*, 74 B.R. at 303.

In this case, the court allowed one partner and one associate, of highest billing rates, for internal meetings and one partner at hearings or meetings with third parties, unless the reason for additional persons in attendance was described in the time entries.

(3) Insufficient Description – TOTAL of disallowed amounts: \$ 9,050.00

The Court denies the allowance of compensation for the indicated task(s) as the description of each task fails to identify in a reasonable manner the service rendered. *In re Pettibone*, 74 B.R. 293, 301 (Bankr. N.D. Ill. 1987) (Schmetterer, J.) (“A proper fee application must list each activity, its date, the attorney who performed the work, a description of the nature and substance of the work performed, and the time spent on the work. [Citation omitted] Records which give no explanation of the activities performed are not compensable.”); *In re Wildman*, 72 B.R. 700, 708-9 (Bankr. N.D. Ill. 1987) (Schmetterer, J.) (same).

In this case, entries for reading emails or conversations without descriptions of how the communication related to the case are not compensable. Large time entries including general terms such as “working on case status” also do not allow the court to determine what work was done.

(4) Unreasonable Time – TOTAL of disallowed amounts: \$ 206.50

The Court denies the allowance in part of compensation for the indicated task(s) since the professional or paraprofessional expended an unreasonable amount of time on the task(s) in light of the nature of the task(s), the experience and knowledge of the professional performing the task(s), and the amount of time previously expended by the professional or another on the task(s). *In re Pettibone*, 74 B.R. 293, 306 (Bankr. N.D. Ill. 1987) (Schmetterer, J.) (“The Court will determine what is the reasonable amount of time an attorney should have to spend on a given project... An attorney should not be rewarded for inefficiency. Similarly, attorneys will not be fully compensated for spending an unreasonable number of hours on activities of little benefit to the estate.”); *In re Wildman*, 72 B.R. 700, 713 (Bankr. N.D. Ill. 1987) (Schmetterer, J.) (same).

In this case, checking the docket for a filing should never take in excess of 0.1 of an hour and time entries for more than such were allowed at only 0.1 of an hour.

(5) Lumping – TOTAL of disallowed amounts (10% of affected entries): \$ 1,235.00

The Court may impose a ten percent penalty on entries that appear to be “lumping.” The Court will reduce each entry marked as such per the penalty. *In re Wildman*, 72 B.R. 700, 709 (Bankr. N.D. Ill. 1987) (Schmetterer, J.) (“Applicants may not circumvent the minimum time requirement or any of the requirements of detail by “lumping” a bunch of activities into a single entry. [citation omitted]. Each type of service should be listed with the corresponding specific time allotment.”).

(6) Computational or Typographical Error – TOTAL of disallowed amounts: \$ 540.00

The court denies the allowance of compensation for the following tasks because the amount of fees appears to be a computational or typographical error. Also, where there are two identical entries (same day, same tasks, same time billed), the court will consider one of the entries to be a typographical error. Also, where different counsel bill different time increments for the same meeting, the court reduces all time entries to the lowest time recorded for the meeting.

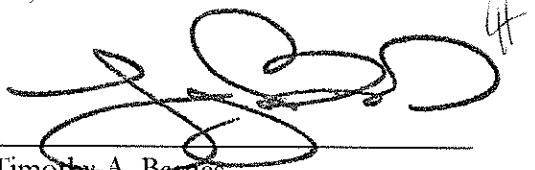
(7) Meal Expenses – TOTAL of disallowed amounts: \$ 68.92

The Court denies the allowance of reimbursement of this meal expense. *In re Covent Guardian Corp.*, 103 B.R. 937, 942 (Bankr. N.D. Ill. 1989) (Sonderby, J.) (“[I]t is highly unlikely that counsel could prove that the meal expenses were reasonably necessary for the proper representation of the debtor . . . If the attorney were not working on the case, he would still have to eat. Accordingly, the Court finds that, except in very limited circumstances, local meals are not reasonably necessary for the proper representation of the client.”).

(8) Reimbursement Limited to Actual, Necessary Expenses – TOTAL of disallowed amounts: \$ 171.86

The Court denies the allowance of reimbursement for expenses that were not actually and necessarily incurred by the applicant. *See* 11 U.S.C. §§ 330(a)(1)(B) & 331. Local travel costs are not necessary and are to be covered by the firm under their overhead, if the firm allows for such.

Dated: April 15, 2016



Timothy A. Barnes
United States Bankruptcy Judge

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Review Statement

Fees

Hours

12/02/2015	PCL	Prepare and file first day motions (1.1); prepare and file appearances for Elizabeth Vandesteeg, Jonathan Friedland, Mark Melickian, Michael Brandess and Jack O'Connor (0.9).	2.00	490.00	166
	EBV	Attention to to request for emergency hearing on first day motions (0.5); communications with lender's counsel regarding filing and request for emergency hearing on first day motions and cash collateral issues (0.7); multiple e-mail correspondence and telephone conferences with debtor regarding immediate next steps in light of filing and guidance regarding upcoming communications with vendors, employees and potential stalking horse bidder (1.5); communications with Michael Goldman regarding communications with vendors (0.2); finalize review and sign-off on all first day motions (1.7).	4.60	2,070.00	174
(1) No benefit	DMM	<u>Review updated conflict search (1.1); strategy conferences with Jack O'Connor and Elizabeth Vandesteeg regarding same (0.8); final preparation and filing of bankruptcy petition, related documents, and first day motions (4.2); telephone conference with Judge Barnes's chambers regarding emergency hearing of first day motions (0.2); strategy conferences with internal working group regarding emergency hearing (0.6); fax service of agenda of first day motions and address technical issues regarding same (2.1).</u>	9.00	3,240.00	189
12/03/2015	EBV	Multiple telephone conference with Judge Barnes's chambers and coordinate transmission of courtesy copies of first day motions to chambers (0.3); prepare for first day hearing (2.6) <u>and argue same (2.2);</u> multiple e-mail correspondence and telephone conferences with Metropolitan Water Reclamation regarding utilities motion questions and concerns (0.6); <u>internal discussions regarding same (0.7);</u> communications			
(2) Duplication					
(2) Duplication					

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			Hours		
(2) Duplication		with lender's counsel regarding cash collateral, Metropolitan Water Reclamation, budget, and other preliminary issues (0.5); attention to revised draft orders and notices (1.9); <u>conference with internal working group regarding same (0.5)</u> ; e-mail correspondence with lender's counsel, U.S. Trustee and counsel for MWRD regarding same (0.4); review notice of committee formation meeting (0.2).	9.90	4,455.00	168
	JPF	Prepare for and attend first day hearings (5.5); debrief regarding same with internal working group and Erik Hoelzeman (1.2).	6.70	3,685.00	169
(2) Duplication	MSM	<u>Strategy conference with debtor's principals before first day hearing (0.9)</u> ; prepare draft notice of automatic stay (0.6).	1.50	750.00	182
(2) Duplication	JRO	<u>Strategy conference with client and internal working group regarding first day hearing (1.9)</u> attend first day hearing and record notes from same (2.2); <u>strategy conference with Elizabeth Vandesteeg and David Madden regarding drafting notices of continued hearings and revising first day orders for review and comment (0.4)</u> .	4.50	1,575.00	183
(2) Duplication					
	DMM	Draft notices of hearing for the following motions: cash collateral, insurance, cash management, ordinary course professionals, utilities, SFGH retention, KCP retention (1.0); prepare for first day hearing (0.5); draft and file certificate of service of agenda of first day hearing (0.4); e-mail correspondence with Elizabeth Vandesteeg regarding first day hearing issues (0.4); strategy conferences with Lisa Vandesteeg and Jack O'Connor regarding first day hearing and next steps (1.0).	3.30	1,188.00	190
	EBV	Prepare for (.4) and participate in (1.0) call with Debtor and D. Madden regarding schedules and SOFA.	1.40	630.00	239
12/04/2015	JPF	Telephone conference with client regarding case status and go forward approach (1.1); telephone conference with Elizabeth Vandesteeg regarding first day follow up issues (0.5).	1.60	880.00	171
(2) Duplication	EBV	Attention to appropriate method and process for notice and service for all first day motions (1.0); <u>telephone conference with Erik Hoelzeman and working team regarding next steps (1.3)</u> .	2.30	1,035.00	175
(2) Duplication	JRO	<u>Multiple e-mail correspondence with internal working group regarding notice of hearings and serving same (0.4)</u> .	0.40	140.00	185
	DMM	Prepare and revise detailed chart of multiple first day motions and related documents to be served upon different groups of notice parties (2.0); e-mail correspondence and telephone			

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			Hours		
		conferences with BMC (mailing vendor) regarding service of first day documents (0.5); strategy conferences with Lisa Vandesteeg and Jack O'Connor regarding service of first day motions and notice of hearing regarding same (1.0); research local rules and bankruptcy rules regarding same, and limited notice (3.0).	6.50	2,340.00	191
12/05/2015	EBV	<u>Attention to various service and notice issues (0.2);</u> multiple			
(3) Insufficient Description		e-mail correspondence with debtor regarding issues related to ongoing litigation and stalking horse bidder (0.4).	0.80	360.00	172
12/06/2015	EBV	Draft and revise master comprehensive notice of prior and upcoming events (2.1).	2.10	945.00	176
12/07/2015	PCL	<u>Attention to docket for initial debtor interview and meeting of creditors (0.8).</u>	0.80	196.00	180
(4) Unreasonable time - reduced to 0.1					
	PCL	Prepare and file notice of hearing (0.2).	0.20	49.00	181
	DMM	Further research regarding limited notice (0.5); strategy conference with Elizabeth Vandesteeg regarding same (0.3); revise detailed chart regarding service of first day motions and notice of hearings (1.0); e-mail correspondence with BMC (mail vendor) regarding service of same (0.4).	2.20	792.00	192
	EBV	<u>Attention to notice and service of first days and upcoming hearings (0.9);</u> e-mail correspondence with debtor regarding bank and supplier issues and questions (0.4).	2.60	1,170.00	194
(3) Insufficient Description					
	JPF	Telephone call with Elizabeth Vandesteeg regarding notice issues (0.1).	0.10	55.00	195
	EBV	Telephone conference with lender's counsel regarding letter of intent and prepetition employee wages; communications with debtor regarding same (0.5).	0.50	225.00	251
12/08/2015	MAB	Draft certificate of service for multiple pleadings (0.3).	0.30	120.00	187
	JPF	Telephone conference with client working group regarding status of all matters (0.7).	0.70	385.00	196
	EBV	Telephone conferences with U.S. Trustee's office regarding request for e-mail addresses (0.4); communications with debtor regarding same (0.6); draft agenda (0.3); <u>participate in bi-weekly call with debtor and financial advisor (0.8).</u>	2.10	945.00	203
(2) Duplication					
12/09/2015	PCL	Prepare, revise and file certificate of service with exhibits (0.7); prepare and file motion to extend time to file SOFAs (0.9); attention to docket entries (N/C).	1.60	392.00	188

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			Hours		
	DMM	Review notice from bankruptcy court regarding returned bankruptcy notice by mail (0.1).	0.10	36.00	193
	JPF	Strategy conference with Elizabeth Vandesteeg regarding case status and approach to open issues (0.4).	0.40	220.00	197
(5) Lumping	EBV	<u>Prepare for and attend conference with debtor regarding various issues raised by U.S. Trustee and guidelines, and prepare for upcoming committee formation meeting and initial debtor interview (4.5); various communications with client working group regarding next steps, additional information requests, and global case status and strategy (0.5).</u>	0.50	225.00	204
12/10/2015	JPF	Prepare for and attend creditor committee formation meeting (2.5).	2.50	1,375.00	198
(2) Duplication	EBV	Multiple e-mail correspondence with debtor and internal working group regarding preparation for upcoming committee formation meeting and next steps (0.8); <u>prepare for and attend committee formation meeting (2.8)</u> ; bi-weekly client working group call (0.8); telephone conference with lender's counsel regarding committee formation meeting (0.2); telephone conference with U.S. Trustee regarding upcoming committee formation hearing and other issues (0.4).	5.00	2,250.00	205
12/11/2015	JPF	<u>Telephone conference with Elizabeth Vandesteeg regarding numerous one-off issues (1.0); multiple e-mail correspondence with internal working group regarding same (0.7).</u>	1.70	935.00	199
(3) Insufficient Description	EBV	E-mail correspondence to client working group regarding various vendor/supplier questions and information needed to provide to the U.S. Trustee relating to same (0.5); review and analyze proposal for environmental testing and consulting work on discharge water (0.7); communications with committee counsel coordinating preliminary meeting to discuss overall case status and strategy (0.3).	1.50	675.00	206
12/12/2015	JPF	Telephone conference with Elizabeth Vandesteeg regarding open issues and approach to same (0.4).	0.40	220.00	200
(3) Insufficient Description	EBV	<u>Attention to various case administration issues (0.4).</u>	0.40	180.00	207
12/14/2015	EBV	Prepare for preliminary meeting with U.S. Trustee (0.6); <u>attention to general case administration issues and critical dates/tasks memorandum (1.1)</u> ; conference with committee counsel regarding general case status and addressing initial matters (1.1).	2.80	1,260.00	208
(3) Insufficient Description	JPF	Strategy conference with Elizabeth Vandesteeg regarding case status and open issues (0.5).	0.50	275.00	212

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			Hours		
12/15/2015	EBV	<u>Attention to overall case administration and assignment of various tasks (0.8).</u>	0.80	360.00	209
(3) Insufficient Description					
	JPF	<u>Strategy conference with internal working group and follow up with Elizabeth Vandesteeg regarding various open issues and go forward approach to same (0.6).</u>	0.60	330.00	213
(3) Insufficient Description					
	JRO	<u>Strategy conference with internal working group regarding global issues, status of same and creating working group status chart and case tracking document (0.6).</u>	0.60	210.00	219
(5) Lumping					
12/16/2015	EBV	<u>Prepare for continued hearing on first day motions (0.7); communications with debtor regarding various case strategy and administration issues (0.6).</u>	1.30	585.00	211
(3) Insufficient Description					
12/17/2015	EBV	Attention to U.S. Trustee's inquiries regarding utilities motion (0.4); prepare for continued hearing on first day motions (1.1); attend and argue at continued hearing on first day motions (1.6); conference with debtor regarding contracts, leases, employment questions and next steps (0.4).	3.50	1,575.00	214
	MSM	Strategy conference with Elizabeth Vandesteeg regarding utility motion notice issue (0.3); pre-hearing preparation with Elizabeth Vandesteeg and Erik Hoelzeman (0.7); <u>attend and participate in hearing on cash collateral and other continued first day motions (1.5).</u>	2.50	1,250.00	217
(2) Duplication					
	JRO	Analyze open matters and status of same, including anticipated sale motion and lease rejections (0.3).	0.30	105.00	220
12/18/2015	EBV	<u>Attention to various case administration issues and correspond with internal working group regarding same (0.8); e-mail correspondence with counsel for MWRD regarding adequate assurance security deposit (0.2).</u>	1.00	450.00	215
(3) Insufficient Description					
	JRO	E-mail correspondence with Ron Lullo and Elizabeth Vandesteeg regarding utilities motion status (0.3).	0.30	105.00	221
12/21/2015	EBV	Attention to draft orders to follow for utilities and ordinary course professional smotions (0.2); e-mail correspondence with counsel for MWRD regarding information requests (0.2); e-mail correspondence with committee counsel regarding informal document requests from committee and request on hourly cap for committee counsel consistent with that of debtor's counsel (0.4).	0.80	360.00	227
	EBV	<u>Attention to various task and case administration issues and conference with working team regarding same (0.7).</u>	0.70	315.00	253
(3) Insufficient Description					

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			Hours		
12/22/2015	JRO	Strategy conference with Elizabeth Vandesteeg regarding drafting amended proposed orders for ordinary course professionals and utilities adequate assurance (0.2).	0.20	70.00	223
	EBV	Continued attention to draft orders to follow for utilities and ordinary course professionals (1.0); bi-weekly telephone status conference with client and internal working group (1.1).	2.10	945.00	228
12/23/2015	EBV	Multiple e-mail correspondence and telephone conferences with client and counsel for MWRD regarding competing draft language for utilities order (1.0).	1.00	450.00	229
	JRO	Telephone conference with Ron Lullo regarding MWRD comments to draft order permitting utilities assurance (0.1); multiple e-mail correspondence with Gina Krol and Elizabeth Vandesteeg regarding same (0.4); review incoming water billing data circulated by Ron Lullo (0.2); e-mail correspondence to Gina Krol regarding response to comments on draft order exhibit (0.2); telephone conference with Elizabeth Vandesteeg regarding same (0.2); review e-mail correspondence from Elizabeth Vandesteeg and Gina Krol regarding same (0.3).	1.40	490.00	254
12/24/2015	EBV	Telephone conferences with client and MWRD regarding draft language of proposed order and MWRD request to visit facility to conduct site readings (1.2).	1.20	540.00	230
12/28/2015	EBV	Multiple e-mail correspondence and telephone conferences with client and MWRD regarding proposed draft order and request for facility visit (0.8).	0.80	360.00	231
(3) Insufficient Description	JPF	<u>Telephone conference with internal working group regarding global status and approach to same (0.5).</u>	0.50	275.00	235
12/29/2015	MAB	Multiple conferences with Elizabeth Vandesteeg regarding Metropolitan Water Reclamation District issues (0.4); research and summarize same (1.7).	2.10	840.00	224
	EBV	Analyze litigation and utilities issues (IEPA lawsuit, MWRD) (1.4); begin review of MWRD ordinances (0.3).	1.70	765.00	252
12/30/2015	MAB	Telephone conference with Elizabeth Vandesteeg regarding Metropolitan Water Reclamation District issues (0.2); research issues regarding enforcement of agreement in principle (0.8); continue researching issue regarding authority to lift stay to enforce lien (0.4).	1.40	560.00	225
	EBV	Analyze MWRD ordinance and enforcement powers and approval of settlement (2.4); multiple e-mail correspondence and telephone conferences with Erik Hoelzeman regarding			

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		Hours		
	same (0.9); multiple e-mail correspondence and telephone conferences with counsel to the MWRD regarding same (0.5).	3.80	1,710.00	233
12/31/2015	EBV Multiple e-mail correspondence and telephone conferences with debtor and counsel for MWRD finalizing terms of proposed order (1.1).	1.10	495.00	238
	For Current Services Rendered	113.20	48,908.00	

Recapitulation

Timekeeper	Hours	Rate	Total
Mark S. Melickian	4.00	\$500.00	\$2,000.00
Jonathan P. Friedland	15.70	550.00	8,635.00
Elizabeth B. Vandesteeg	56.30	450.00	25,335.00
Michael A. Brandess	3.80	400.00	1,520.00
David M. Madden	21.10	360.00	7,596.00
Paris C. Love	4.60	245.00	1,127.00
John R. O'Connor	7.70	350.00	2,695.00

Total Current Work	48,908.00
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Balance Due	<u>\$48,908.00</u>
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PAYMENT DUE UPON RECEIPT OF STATEMENT
(Taxpayer I.D. 36-3278071)